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Intersecretariat Working Group on Price Statistics

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its thirty-ninth session,** the Secretary-General has the honour to transmit to the Commission, for information, the report of the Intersecretariat Working Group on Price Statistics. The Commission is requested to take note of the report.

* E/CN.3/2009/1.

** See *Official Records of the Economic and Social Council, 2008, Supplement No. 4* (E/2008/24), chap. I.B.

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Report of the Intersecretariat Working Group on Price Statistics

Background and purpose of the Working Group

1. The mission of the Intersecretariat Working Group on Price Statistics is to coordinate international work on price statistics and support the development and implementation of internationally accepted standards and methods.

2. The Intersecretariat Working Group was established in 1998. The original terms of reference focused on the development of international manuals on consumer price indices (CPIs), producer price indices (PPIs) and export and import price indices. As a result, the *Consumer Price Index Manual: Theory and Practice* and the *Producer Price Index Manual: Theory and Practice* were published in 2004.

3. The terms of reference were revised in 2005. The revised terms of reference (see annex) refer to the further development of the consumer price index and producer price index manuals and their implementation, including reviewing the electronic versions of the manuals, and to the development of international manuals for other price statistics, in particular export and import price indices and house price indices. The revised terms of reference also refer to the coordination of international work on price indices in order to avoid duplication of efforts.

Organization of the Working Group

4. The Intersecretariat Working Group on Price Statistics consists of institutional representatives from the Economic Commission for Europe (ECE), the International Labour Organization (ILO), the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), the Statistical Office of the European Communities (Eurostat) and the World Bank. The Working Group is open and invites experts from statistical offices and academia to participate in its meetings. In March 2007 ECE took over the rotating chair of the Group from IMF.

5. The Working Group aims to meet in conjunction with international meetings on price statistics. In between, issues are reviewed by means of electronic discussions. The Group held its previous meeting on 7 May 2008 in Geneva, in conjunction with the joint ECE/ILO meeting on Consumer Price Indices, held on 8 and 9 May 2008. The next meeting is scheduled to take place in Neuchâtel, Switzerland, on 26 May 2009, in conjunction with the meeting of the Ottawa Group on Price Indexes to be held from 27 to 29 May 2009.

Activities since the thirty-eighth session of the Statistical Commission in 2007

6. A previous report on the work of the Intersecretariat Working Group on Price Statistics, including the revised terms of reference, was submitted by IMF to the Statistical Commission for its thirty-eighth session in 2007 (E/CN.3/2007/23). Since then, the following activities can be reported.

7. In October 2007, the *CPI Manual* was made available in Russian both online from the IMF website and in hard copy, in addition to the existing Spanish- and French-language versions. A Japanese-language version of the Manual in hard copy has been available since 2005. Arabic- and Chinese-language versions are expected to be made available online and in hard copy by late 2008/early 2009. The English

online version of the *CPI Manual* has been revised and the ILO web page contains the original version, errata and the latest corrected version (www.ilo.org/public/english/bureau/stat/guides/cpi/index.htm). The non-English versions have also benefited from the revision.

8. The *PPI Manual* is available in English only in hard copy and online from the IMF web page (www.imf.org/external/np/sta/tegppi/index.htm). Spanish and French versions are expected to be published by IMF in 2008.

9. An *Export and Import Price Index (XMPI) Manual* is being drafted under the lead of IMF. The Manual will follow the same structure as that of the *PPI Manual*. Chapters that are new to the *PPI Manual* discuss unit value indices, transfer prices and terms of trade indices, and some chapters have been extended to be consistent with the *System of National Accounts, 2008* (2008 SNA). Draft chapters of the *XMPI Manual* are available from www.imf.org/external/np/sta/tegeipi/index.htm. A revised manuscript is currently being copy-edited by IMF and is expected to be published early in 2009. Before publication the Manual will need the approval of the Working Group.

10. In 2007, work began to produce the *Supplementary Handbook: Practical Guide to Compiling Consumer Price Indices*. It will focus on practical and implementation issues relevant to the compilation of the CPI in developing countries and countries with economies in transition. The work is led by the Office for National Statistics of the United Kingdom of Great Britain and Northern Ireland, and funded by the United Kingdom's Department for International Development. The *Handbook* is expected to be published in 2009 and will be made available online and in hard copy. The Working Group will follow procedures similar to those for the CPI and PPI Manuals to ensure the quality and consistency of the *Handbook*.

11. A joint ECE/ILO meeting on consumer price indices for countries with economies in transition was organized on 7 May 2008 in Geneva for presentation and discussion of the draft chapters of the *Handbook* and the corresponding chapters in the *CPI Manual*. During the meeting, which was attended by 50 price statisticians from national statistical offices, points and suggestions were made that will be taken into account in the further drafting of the *Handbook*. The proceedings of the meeting and draft chapters of the *Handbook* are available at www.unece.org/stats/documents/2008.05.cpi2.htm. Draft chapters of the *Handbook* are also to be presented in other forums, including a regional price statistics course organized by IMF in Singapore in October 2008.

12. Eurostat has agreed to lead the work on a *Handbook on House Price Indices*. The scope of the handbook, a timetable, arrangements for discussing and assuring the quality of the work and a draft outline of the content of the handbook have been agreed with the Working Group. Eurostat expects to contract an expert or a team of experts to carry out the main work on the handbook. The aim is to have the contract in place late in 2008. The draft handbook should be delivered by the contractor by autumn of 2010. The handbook should therefore be ready for approval by the Working Group around the end of 2010. A Steering Group will be established to oversee the project.

13. The joint ECE/ILO Meeting on Consumer Price Indices was held on 8 and 9 May 2008 in Geneva. It was attended by 100 participants from national statistical offices in Europe, Asia, Africa, the Middle East and North and South America. The

main themes discussed were "Collection and processing of price data" and "Integration of price indices". The participants recommended that a joint ECE/ILO meeting on CPIs in 2010 should be included in the programme of work of the Conference of European Statisticians, subject to the approval of the Conference and its Bureau. The following topics were suggested for possible inclusion in the agenda: House price indices; User relations and how to meet user needs; Quality adjustment for services in CPIs and PPIs; CPI and globalization; and the System of price indices (CPI, PPI, PPP, XMPI and sectoral price indices). The report and proceedings of the meeting are available from the ECE website, www.unece.org/stats/documents/2008.05.cpi.htm.

14. The Working Group aims to improve the coordination of international work on price statistics and avoid duplication of efforts. Hence, since 2007 it has been agreed to interchange the joint ECE/ILO CPI meetings and the meetings of the Ottawa Group on Price Indexes to make the scheduling of work easier and facilitate better integration of the two forums. To further strengthen the coordination of work, mutual representation has been established between the Organizing Committee of the Joint CPI meeting, the Steering Group of the Ottawa Group and the Intersecretariat Working Group on Price Statistics. The Working Group will strengthen further the coordination of the Ottawa Group and the joint ECE/ILO meetings to be held in 2009 and 2010.

More information

15. The terms of reference of the Intersecretariat Working Group on Price Statistics, reports of meetings, a list of members and previous reports to the Statistical Commission are available on the ILO website, www.ilo.org/public/english/bureau/stat/guides/cpi/index.htm. The terms of reference of the Working Group are also included in the annex to the present report.

Annex

Terms of reference and functioning of the Intersecretariat Working Group on Price Statistics

Mission

1. The mission of the Intersecretariat Working Group on Price Statistics is to develop and document best practice guidelines on concepts and methods of price statistics and indicators consistent with the established international standards on the subject and to encourage their use. Price statistics and indicators include consumer price indices, producer price indices, export-import price indices, real estate price indices and such other price statistics and indicators as are required, preferably compatible with the System of National Accounts, 1993 and the updates thereto.

Objectives

2. The objectives of the Working Group are:

(a) To develop and implement the *Consumer Price Index Manual: Theory and Practice* (International Labour Organization (ILO), Geneva, 2004) and the *Producer Price Index Manual: Theory and Practice* (International Monetary Fund (IMF), Washington, D.C., 2004). The work includes periodic updates of the electronic versions of the manuals available on the ILO and IMF websites;

(b) To arrange for the establishment of standards and manuals for other price statistics, in particular, export-import price indices and real estate price indices;

(c) To coordinate the work of international organizations in implementing the best practices contained in the price index manuals, in sharing information on training and technical assistance and in using resources efficiently to avoid duplication of efforts;

(d) To assist in the development of a framework for price statistics to explain the links between various price indices and between price indices and other relevant economic and labour statistics.

Composition

3. The Working Group currently comprises the following organizations:

(a) Economic Commission for Europe (ECE);

(b) International Labour Organization (ILO);

(c) International Monetary Fund (IMF);

(d) Organization for Economic Cooperation and Development (OECD);

(e) Statistical Office of the European Communities (Eurostat);

(f) World Bank.

4. The Working Group is open to all interested and committed organizations, chairs of advisory groups on price index manuals and experts from national statistical offices, academia and international organizations. The Working Group will invite these interested parties to participate in its work programme.

5. The International Labour Organization initially provided the secretariat of the Working Group and was succeeded by the International Monetary Fund in April 2004. IMF was succeeded by the Economic Commission for Europe in March 2007.

External linkages

6. The activities of the Working Group are expected to receive wider exposure through discussion at relevant regional meetings and regular communication with international experts and groups using electronic media such as the Internet.

7. The work of the Working Group will relate to, draw from and capitalize on the work of such technical groups as the Ottawa Group on Price Indexes and the Voorburg Group on Services Statistics, and will complement that of regional and international organizations.

Immediate output

8. The immediate output of the Working Group will consist of the development and update of consumer price index and producer price index manuals, which will take into account:

(a) The recent emergence of economies in transition and movements towards free-market economies in many developing countries;

(b) The collapse of financial markets in many newly emerging and independent countries;

(c) Rapid technological improvements affecting the cost and quality of goods and services and, consequently, their relative prices, and changes in consumer demand and producer supply.

9. The manuals will continue:

(a) To provide an introduction to the theory of indices;

(b) To address both conceptual and operational issues such as sampling, collection methodology, compilation, organization and computation and dissemination of data;

(c) To be intended for use by both developed and developing countries;

(d) To be suitable for training and advisory missions.

Main activities

10. The Working Group will be responsible for the coordination and overall management of the work to update the existing manuals and for the development and approval of new manuals. An advisory group will be established to advise the Working Group on updates to the consumer price index and producer price index manuals. Technical expert groups will be established to advise on the development of the export-import price index and real estate price index manuals. The teams of experts, working in parallel, will exist solely for the update and production of the manuals. Consultants from the members of the advisory group, the technical expert groups, the Working Group, the Ottawa Group and the Voorburg Group, as well as other recognized experts in price measurement from countries not represented in the Ottawa and Voorburg Groups, will be appointed to prepare specific sections of the

manuals on the issues identified by the Working Group. The exact form of authorship, however, will be decided on a case-by-case basis.

11. The Working Group will facilitate the sharing of information among member organizations about training plans and materials, technical assistance to countries on price indices and other activities the organizations undertake to implement the price index manuals.

12. Meetings of the Working Group will take place, as far as possible, at the same time as related scheduled meetings such as the ECE expert meeting on consumer price indices, the Ottawa and Voorburg Group meetings and the ILO/ECE meeting on consumer prices. In addition, the Working Group will conduct virtual meetings, using e-mail correspondence or teleconferencing as needed between face-to-face meetings to discuss issues and activities.

13. Proposals, outlines and draft material will be widely circulated through electronic and other media for comments and suggestions to ensure that all regional concerns are adequately addressed. Relevant organizations such as the regional commissions, the Ottawa Group and the Voorburg Group will also be encouraged to discuss them at their regular meetings.

Finances

14. Organizations participating in the Working Group are expected to meet their own direct expenses. In addition, organizations are expected to contribute to financing other related costs of the Working Group, including the development of the manuals and the hiring of experts.